

The actions delineated below were taken in open session of the Kentucky Agricultural Finance Corporation Board at the September 5, 2014 regular business meeting. This is provided in summary form; an official record of the meeting is available in the permanent records of the Governor's Office of Agricultural Policy, 404 Ann Street, Frankfort, Kentucky 40601.



**Kentucky Agricultural Finance Corporation Board  
Summary Minutes of the Regular Business Meeting  
ES Good Barn, University of Kentucky  
Lexington, Kentucky  
September 5, 2014**

**Call to Order**

Commissioner James Comer, presiding, called the Kentucky Agricultural Finance Corporation Board (KAFC) regular business meeting to order at 10:05 a.m. (EDT).

**Roll Call**

The following members were present: Frank Penn; George Begley; Kenny Burdine; Wayne Hunt; Larry Jaggers; Frank McAninch; Aaron Miller; Linda Rumpke; Tom Midkiff (designee for Secretary Lori Flanery); and Commissioner James R. Comer.

Members absent: Westy Adams; Doug Lawson

**Notification of Media**

Commissioner Comer received verification from Joel Neaveill, Chief of Staff, that the media had been notified of the KAFC board meeting.

**Welcome**

Commissioner Comer welcomed everyone to the meeting.

Commissioner Comer highlighted his recent activity throughout the state and the success of the state fair.

**Approval of Minutes**

Commissioner Comer entertained a motion to approve the minutes of the August 1, 2014 KAFC board meeting.

Dr. Burdine moved to approve the minutes, as presented; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous

**Executive Director's Report**

Commissioner Comer yielded the floor to Roger Thomas, Executive Director, Governor's Office of Agricultural Policy (GOAP), to give his report to the board.

Mr. Thomas reported to the board the approval by the Kentucky Agricultural Development Board (KADB) of transferring \$7.5 million from the Kentucky Agricultural Development Fund for KAFC loan programs.

Mr. Thomas recognized the efforts of Bill McCloskey and Beth Herbert in preparing a presentation to the KADB requesting the \$7.5 million transfer. They also gave the presentation to the Tobacco Oversight Committee who responded favorably to the growth of the KAFC.

#### **Director of Financial Services Report**

Commissioner Comer called on Bill McCloskey, Director of Financial Services, to give his report to the board.

Mr. McCloskey reviewed the KAFC Statement of Financial Position (on file with the Board Coordinator) as of August 31, 2014.

<b>KAFC Statement of Financial Position</b>	
<b>As of August 31, 2014</b>	
<b>Assets</b>	
Cash KAFC Accounts	\$ 7,566,769
Loan Payments Due KAFC	
Category A	\$ 32,268,910
Category B	\$ 269,314
Category C	\$ -
	\$ 33,537,224
<b>Total Assets</b>	<b>\$ 41,103,993</b>
<b>Liabilities</b>	
KAFC loans approved not closed	\$ 7,649,990
Loans Outstanding	\$ 33,537,224
<b>Total Liabilities</b>	<b>\$ 41,187,214</b>
<b>Unobligated Assets</b>	<b>\$ (83,221)</b>
<b>Total Liabilities &amp; Unobligated Assets</b>	<b>\$ 41,103,993</b>

Commissioner Comer entertained a motion to approve the KAFC Statement of Financial Position.

Mr. Penn moved to approve the KAFC Statement of Financial Position; Mr. McAninch seconded the motion.

VOTE: Motion Passed; Unanimous

Commissioner Comer yielded the floor to Mr. Hunt for the Guidelines Committee report.

Mr. Hunt reported that the Guidelines Committee met prior to the board meeting to discuss things that could be done to more effectively to utilize KAFC funds.

Mr. Hunt explained that the Guidelines Committee's first recommendation was that the New Agricultural Enterprises Loan program be suspended.

Ms. Rumpke moved to approve the suspension of the New Agricultural Enterprises Loan program; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous

Mr. Hunt explained that the Guidelines Committee's second recommendation was that the Coordinated Value Assistance Loan program be suspended.

Mr. Miller moved to approve the suspension of the Coordinated Value Assistance Loan program; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous

Mr. Thomas explained that the programs were just being suspended, not terminated. If the board so desired, it would be possible to renew the operation of either program.

## **New Business**

### **Agricultural Infrastructure Loan Program (AILP)**

#### **AF14-0072 Ellis, Coy "Mike" and Pam**

Applicants requested \$37,500 for the construction of a hay barn in Mercer County. Central Kentucky ACA in Danville, Kentucky is the participating lender.

This loan was approved by staff on 08/26/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

#### **AF14-0080 Wright, Davin and Sallie**

Applicants requested \$45,400 for the construction of a farm shop in Nelson County. Farm Credit Mid-America in Bardstown, Kentucky is the participating lender.

This loan was approved by staff on 08/26/2014 based upon loan size and credit score per Agricultural Infrastructure Loan Program policy adopted June 24, 2005.

No action necessary.

### **Beginning Farmer Loan Program (BFLP)**

#### **AF14-0071 Wornall, Hume "Payne" and Kacy**

Applicants requested \$130,000 for the purchase of 71 acres with improvements in Mercer County. Central Kentucky ACA in Danville, Kentucky is the participating lender.

Staff recommended loan approval contingent on FSA approval and obligation of funds.

Dr. Burdine moved to approve the staff recommendation, as presented, pending fund availability; Mr. Jagers seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF14-0073    Janes, Michael**

Applicant requested \$250,000 for the purchase of 100% interest of J & J Poultry in Adair County. Bank of Columbia in Columbia, Kentucky is the participating lender.

Staff recommended loan approval contingent on FSA guarantee approval and obligation of funds; contingent that C/LV is no worse than 100%.

Mr. Miller moved to approve the staff recommendation, as presented, pending fund availability; Mr. Begley seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF14-0074    McCarty, Christian**

Applicant requested \$232,700 for the purchase of 175.74 acres with improvements in Montgomery County. Traditional Bank in Mt. Sterling, Kentucky is the participating lender.

Staff recommended loan approval.

Mr. Hunt moved to approve the staff recommendation, as presented, pending fund availability; Mr. Jaggars seconded the motion.

VOTE: Motion Passed; Ms. Rumpke Abstained.

**AF14-0075    Riley, Bradley**

Applicant requested \$50,000 for the purchase of 57.07 acres in McLean County. Sacramento Deposit Bank in Sacramento, Kentucky is the participating lender.

Staff recommended loan approval.

Dr. Burdine moved to approve the staff recommendation, as presented, pending fund availability; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF14-0076    Heatherly, Franklin "Gabe" and Allison**

Applicants requested \$250,000 for the purchase of 15 acres with two Cobb houses and improvements to property in Wayne County. Monticello Banking Company in Somerset, Kentucky is the participating lender.

Staff recommended loan approval, with maximum aggregate balance in BFLP not to exceed \$250,000.

Mr. Penn moved to approve the staff recommendation, as presented, pending fund availability; Mr. Miller seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF14-0078    Darnell, Clay and George and Jennifer**

Applicants requested \$102,000 for the purchase of 98.68 in Harrison County. Monticello Banking Company in Somerset, Kentucky is the participating lender.

Staff recommended loan approval, contingent on FSA approval and obligation of funds.

Mr. Hunt moved to approve the staff recommendation, as presented, pending fund availability; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF14-0079 Smith, Joshua and Melissa**

Applicants requested \$83,200 for the purchase of 28 acres with migrant worker house in Calloway County. The Murray Bank in Murray, Kentucky is the participating lender.

Staff recommended loan approval.

Mr. Jagers moved to approve the staff recommendation, as presented, pending fund availability; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

**AF14-0081 Humphrey, Bradley and Shannon**

Applicants requested \$200,000 for the purchase 100% interest in Handyville Poultry LLC, including all business assets, six (6) broiler houses and equipment located on 48 acres in Daviess County. Independence Bank in Owensboro, Kentucky is the participating lender.

Staff recommended loan approval.

Mr. Hunt moved to approve the staff recommendation, as presented, pending fund availability; Ms. Rumpke seconded the motion.

VOTE: Motion Passed; Unanimous.

**Old Business**

**Extension Requests**

**AF14-0008 House, Justin**

Mr. McCloskey reported to the board that the Operations Committee approved a three month time extension regarding the above mentioned loan.

No action necessary.

**AF13-0028 Courtney, Nathan**

Mr. McCloskey presented a memorandum (on file with the Board Coordinator) regarding the above referenced loan. The loan officer requested a three month extension on behalf of Mr. Courtney. This extension will allow adequate time for FSA to complete appraisal, Central Kentucky ACA to update title work and new mortgage to be filed. The new expiration date would be December 7, 2014. This is the second extension request for this applicant.

Staff recommended approval of this request.

Mr. Miller moved to approve the staff recommendation; Dr. Burdine seconded the motion.

VOTE: Motion Passed; Unanimous.

### **Closing Remarks**

Commissioner Comer recognized the efforts of the KAFC in helping the next generation of farmers get started in their agricultural careers.

Commissioner Comer yielded the floor to Mr. Thomas.

Mr. Thomas recognized the efforts of staff and of participating lenders. Without the help and support of the lenders the program would not work.

The next KAFC Board meeting will be a joint meeting with the Kentucky Agricultural Development Board at the Owensboro Convention Center, 501 W 2nd St, Owensboro, KY 42301, on Friday October 17 at 9 a.m. (CT)

### **Adjournment**

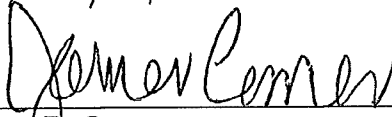
Commissioner Comer entertained a motion to adjourn.


Ms. Rumpke moved to adjourn the KAFC board meeting; Mr. Penn seconded the motion.

VOTE: Motion Passed; Unanimous

The KAFC board meeting adjourned at 10:58 a.m. (EDT).

APPROVED DATE: 10/17/14

PRESIDING OFFICER:   
James R. Comer

BOARD SECRETARY:   
Ray Arnold, Boards Coordinator